

- 1 -

FEDERAL BUREAU OF INVESTIGATION

Date of transcription 06/10/2005

DAVID JON FALSO, date of birth: 03/14/1941, SSAN: 096-32-8495, of 20 Peaceful Drive, Cortland, New York, was interviewed at his residence. FALSO was interviewed during the execution of a court authorized search of FALSO's residence. On 06/01/2005, Senior Judge THOMAS J. MCAVOY, United States District Court, Northern District of New York, signed a search warrant which authorized the search of FALSO's residence.

On the below referenced date, SA LYONS knocked on FALSO's screen door and observed FALSO seated on the couch in FALSO's living room. FALSO was advised of SA LYONS' identity and SA LYONS requested to speak to FALSO. FALSO agreed to meet agents in the garage of his residence as he claimed to have a mechanical problem with the front door of his residence.

FALSO emerged into the attached garage and was met by SA's LYONS and CAPONE. SA LYONS again advised FALSO of the identities of the interviewing agents and informed FALSO that the FBI was present to execute a court authorized search of his residence. FALSO was provided with a copy of said search warrant and was advised that agents would be searching for items of evidence related to child pornography. SA LYONS asked FALSO if he possessed any child pornography and FALSO admitted he possessed a box of child pornography in his bedroom. SA LYONS requested to speak further with FALSO and FALSO agreed to speak to SA's LYONS and CAPONE at the kitchen table in FALSO's residence. FALSO subsequently provided the following information:

FALSO is the owner of Patino Murphy's bar, 17 Central Avenue, Cortland, New York, and Bald Lucy's bar, 31 Central Avenue, Cortland, New York. FALSO has been in the bar business since approximately 1972. FALSO obtained a home computer approximately four years ago and he began downloading and printing child pornography from the internet. FALSO admitted he likes to look at pornographic pictures of young girls. FALSO repeatedly stated that he wasn't proud of the fact that he liked child pornography; however, FALSO felt it was a "victimless" crime as he hadn't hurt anybody.

Investigation on 06/08/2005 at Cortland, New YorkFile # 305C-AL-46914Date dictated 06/10/2005by SA JAMES T. LYONS, JR.by SA DANIEL CAPONE, III

305C-AL-46914

Continuation of FD-302 of DAVID JON FALSO, On 06/08/2005, Page 2

FALSO initially became interested in child pornography when he received a solicitation, via the computer, to receive child pornography. FALSO responded "out of curiosity" and received child pornography via the internet. FALSO admitted that all of the child pornography he possessed had been obtained via the internet. FALSO believed he once belonged to a pay site where he obtained child pornography for a fee. FALSO believed he belonged to this pay site for an approximate one month period. FALSO was unable to recall the name of the site; however, FALSO recalled that he likely paid for his one month subscription to the child pornography pay site with his credit card.

FALSO admitted he is a member of adult pornography pay sites (via the internet) where he obtains adult pornography. FALSO stated he prefers to view "bi-racial" adult pornography.

FALSO admitted that he has current Yahoo and Road Runner accounts. FALSO acknowledged that his Yahoo screen name is "cousyl731" and his Road Runner screen name is "dfalso1". FALSO's nickname is "cousy" and many people know FALSO as "cousy". FALSO is a Boston Red Sox and Boston Celtics fan and he took the name "cousy" from former basketball player Bob Cousy. FALSO's Yahoo screen name is a combination of his nickname "cousy" and the addresses of his two bars (17 and 31 Central Avenue, Cortland, New York - "cousyl731").

FALSO denied that he shared child pornography with other persons and also denied that he ever transmitted child pornography via the internet. FALSO denied being a member of any Yahoo newsgroups; however, FALSO admitted that he once met an individual when traveling and the individual directed FALSO to what FALSO believed to be a Yahoo newsgroup that contained child pornography. FALSO never became a member of the newsgroup and could neither recall the name of the traveler nor the name of the newsgroup.

FALSO admitted that he was previously convicted of an offense regarding sexual contact with a child. FALSO stated he was dating a woman in the Cortland, New York area who had a seven year old daughter. FALSO returned home drunk one evening and the seven year old female jumped into FALSO's lap. FALSO stated that "one thing led to another" and there was no real physical contact "other than maybe a finger and it just happened". FALSO said he and his girlfriend separated as a result of the incident. FALSO admitted he received counseling for his attraction to young females pursuant to this incident; however, FALSO still finds himself attracted to

305C-AL-46914

Continuation of FD-302 of DAVID JON FALSO, On 06/08/2005, Page 3

young girls. FALSO admitted he is specifically attracted to teenage girls, ages 16, 17, and 18. FALSO said he would never have sex with a very young girl; however, FALSO subsequently stated "I'm not saying if some young girl threw herself at me I wouldn't go for it, but I don't go looking for it". FALSO further stated that while some men like "fat women" he likes "young girls". FALSO was uncertain as to why he likes young girls and stated "I don't know if it's a sickness or what it is".

FALSO admitted he knew possessing child pornography was illegal and stated "I've always worried about this moment because you see newspapers and it's a priest or educator". FALSO was concerned that if the public knew he was a possessor of child pornography it could adversely effect his bar businesses.

FALSO admitted he traveled extensively to foreign countries including Thailand, Cambodia, the Phillippines, Colombia, Brazil, Japan, and China. FALSO's eldest son, ANTHONY FALSO, is married and resides in Hong Kong. FALSO has traveled to Hong Kong to visit his son ANTHONY FALSO. FALSO has obtained an "all Asia pass" when visiting ANTHONY FALSO and has visited other countries in Asia. FALSO's youngest son, JOSEPH FALSO, is attending law school in the State of Ohio. JOSEPH FALSO is completing his second year of law school (FALSO was unable to recall the name of the law school).

FALSO admitted that one of the purposes for his travel to Thailand, Cambodia, and other countries, was to engage in sex with prostitutes and visit massage parlors. FALSO admitted when he traveled to Thailand and other countries, he would seek to meet females who were 16 - 18 years of age for the purpose of engaging in sex. FALSO admitted that while in Thailand and other countries, he met young girls and engaged in sexual activity. FALSO also admitted that he photographed some of his sexual encounters with young women in Thailand and other countries. FALSO was uncertain as to all of the young girls ages (with whom he engaged in sex), but stated he took these girls to hotels and the girls had to show identification at the desk of the hotel. FALSO figured that if the girls were underage, the hotel would not permit the girl to accompany FALSO to his (FALSO's) hotel room. FALSO estimated that he traveled internationally approximately ten times with the specific intent to meet young girls and engage in sex. FALSO admitted that some of the girls with whom he engaged in sex (in foreign countries) were probably 16, 17, and 18 years of age.

305C-AL-46914

Continuation of FD-302 of DAVID JON FALSO, On 06/08/2005, Page 4

FALSO admitted that while he initially became interested in child pornography after responding to a computer solicitation, he has since actively sought out child pornography on the internet. FALSO conducted computer internet searches in an attempt to locate child pornography. FALSO entered search terms such as "lolita, kiddie porn, and child pornography" in an effort to identify, locate, and obtain child pornography via the internet. FALSO stated he was unsuccessful and has only obtained child pornography when responding to specific computer generated solicitations via the internet.

FALSO admitted that prior to the FBI arriving at his residence on 06/08/2005, he responded to a computer solicitation on his e-mail. During the morning hours of 06/08/2005, FALSO read an e-mail which inquired if FALSO was interested in some free samples of child pornography. FALSO sent a reply e-mail and indicated that he would like to receive the free samples of child pornography.

FALSO admitted he saved child pornography (pictures and video clips) on his computer which was located in the living room of FALSO's residence. FALSO stated a friend who was a United Parcel Service driver built the computer for FALSO. FALSO came into possession of his current computer within the past two or three months. FALSO is the only individual who has used this computer and FALSO transferred all of the child pornography he stored on prior computers to this new computer.

FALSO also admitted that he possessed a digital camera; however, FALSO stated the digital camera was utilized at and for his businesses (Patino Murphy's and Bald Lucy's).

FALSO was divorced from ex-wife Debra in approximately 1980. Debra currently resides in Long Island, New York and sons ANTHONY FALSO and JOSEPH FALSO are the biological children of FALSO and Debra. FALSO stated that he served in the United States Navy from 1959 - 1963. FALSO was an enlisted sailor who served as a RADAR operator.